

UNITED STATES BANKRUPTCY COURT
SOUTHERN AND WESTERN DISTRICTS OF TEXAS
Region 7 DIVISION

CASE NAME: NOVA Directional, Inc.

Petition Date: 12/16/15

CASE NUMBER: 15-36563

MONTHLY OPERATING REPORT SUMMARY FOR MONTH MAY YEAR 2016

MONTH	May 2016					
REVENUES (MOR-6)	164,104					
INCOME BEFORE INT, DEPREC./TAX (MOR-6)	6,734					
NET INCOME (LOSS) (MOR-6)	(36,365)					
PAYMENTS TO INSIDERS (MOR-9)	1,500					
PAYMENTS TO PROFESSIONALS (MOR-9)						
TOTAL DISBURSEMENTS (MOR-8)	247,902					

The original of this document must be filed with the United States Bankruptcy Court and a copy must be sent to the United States Trustee

REQUIRED INSURANCE MAINTAINED		EXP. DATE
CASUALTY	YES <input checked="" type="checkbox"/> NO <input type="checkbox"/>	1-3-17
LIABILITY	YES <input checked="" type="checkbox"/> NO <input type="checkbox"/>	
VEHICLE	YES <input checked="" type="checkbox"/> NO <input type="checkbox"/>	
WORKER'S	YES <input checked="" type="checkbox"/> NO <input type="checkbox"/>	
OTHER	YES <input checked="" type="checkbox"/> NO <input type="checkbox"/>	

ATTORNEY NAME: Brian Kilmer
FIRM: Kilmer, Crosby & Walker
ADDRESS: 5100 Westheimer, 2nd Flr
CITY, STATE, ZIP: Houston, TX 77056
TELEPHONE:

Are all accounts receivable being collected within terms? Yes ☒ No ☐
Are all post-petition liabilities, including taxes, being paid within terms? Yes ☒ No ☐
Have any pre-petition liabilities been paid? Yes ☒ No ☐ If so, describe _____
Some pre-petition wage, vendor and tax claims have been paid.
Are all funds received being deposited into DIP bank accounts? Yes ☒ No ☐
Were any assets disposed of outside the normal course of business? Yes ☒ No ☐
If so, describe Yes, Sale of one laptop computer, fully depreciated. No book value.
Are all U. S. Trustee Quarterly Fee Payments current? Yes ☒ No ☐
What is the status of your Plan of Reorganization? _____
Final draft being reviewed

I certify under penalty of perjury that the following complete
Monthly Operating Report (MOR), consisting of MOR-1 through
MOR-9 plus attachments, is true and correct.

SIGNED Edward T. Chace
(ORIGINAL SIGNATURE)

TITLE President

MOR-1

CASE NAME: NOVA Directional, IncCASE NUMBER: 15-36563**COMPARATIVE BALANCE SHEETS**

ASSETS	FILING DATE*	MONTH	MONTH	MONTH	MONTH	MONTH	MONTH	MONTH
CURRENT ASSETS	Dec 16, 2015	Dec 31, 2015	Jan 31, 2016	Feb 29, 2016	Mar 31, 2016	Apr 30, 2016	May 31, 2016	
Cash	1,655,307	1,621,696	1,258,252	1,293,923	1,174,093	942,647	847,654	
Accounts Receivable, Net	485,163	478,560	553,571	381,204	535,333	681,297	726,340	
Inventory: Lower of Cost or Market								
Prepaid Expenses	226,006	163,949	175,103	165,411	186,727	170,082	152,483	
Investments								
Other								
TOTAL CURRENT ASSETS	2,366,477	2,264,205	1,986,926	1,840,538	1,896,153	1,794,026	1,726,477	
PROPERTY, PLANT&EQUIP, @ COST	6,327,083							
Less Accumulated Depreciation	-3,227,225							
NET BOOK VALUE OF PP & E	3,099,857							
OTHER ASSETS:								
1. Tax Deposits								
2. Investments in Subs								
3.								
4. (attach list)								
TOTAL ASSETS	5,466,335							

*Per Schedules and Statement of Affairs

Revised 6/14/96

MOR-2

CASE NAME: NOVA Directional, IncCASE NUMBER: 15-36563

COMPARATIVE BALANCE SHEETS

LIABILITIES & OWNER'S EQUITY	FILING DATE*	MONTH December 2015	MONTH January 2016	MONTH February 2016	MONTH March 2016	MONTH April 2016	MONTH May 2016
12/16/15							
LIABILITIES:							
POST-PETITION LIABILITIES (MOR-4)		1,074,893	688,961	718,932	822,643	760,295	118,905
PRE-PETITION LIABILITIES:							
Notes Payable-Secured	3,934,401						
Priority Debt							
Federal Income Tax							
FICA/Withholding	200,000						
Unsecured Debt	500,307						
Other							
TOTAL PRE-PETITION LIABILITIES	289,942						
TOTAL LIABILITIES	4,924,769						
OWNERS'S EQUITY (DEFICIT):							
PREFERRED STOCK	-20	-20	-20	-20	-20	-20	-20
COMMON STOCK	537	537	537	537	537	537	537
ADDITIONAL PAID-IN CAPITAL	-160,399	-160,399	-160,399	-160,399	-160,399	-160,399	-160,399
RETAINED EARNINGS: Filing Date	701,448						
RETAINED EARNINGS: Post Filing Date		1,178,126	299,542	183,297	108,067	74,293	37,928
TOTAL OWNER'S EQUITY (NET WORTH)	541,567	316,796	139,660	23,415	-51,815	-85,589	-121,954
TOTAL LIABILITIES & OWNER'S EQUITY	5,466,335	5,326,091	5,010,840	4,826,479	4,842,018	4,701,918	4,596,398

MOR-3

*Per Schedules and Statement of Affairs

Revised 6/14/96

CASE NAME: NOVA Directional, Inc.CASE NUMBER: 15-36563**SCHEDULE OF POST-PETITION LIABILITIES**

	MONTH	MONTH	MONTH	MONTH	MONTH	MONTH
	December 2015	January 2016	February 2016	March 2016	April 2016	May 2016
TRADE ACCOUNTS PAYABLE						
TAX PAYABLE:						
Federal Payroll Taxes						
State Payroll & Sales	711					
Ad Valorem Taxes	118,984					
Other Taxes						
TOTAL TAXES PAYABLE	119,695					
SECURED DEBT POST-PETITION						
ACCRUED INTEREST PAYABLE	5,001	6,668	8,335	10,002	11,669	13,336
* ACCRUED PROFESSIONAL FEES:						
OTHER ACCRUED LIABILITIES:						
1. A/P Other	510,197	248,961	270,597	372,641	308,626	277,383
2. Shareholder Loans	200,000	200,000	200,000	200,000	200,000	200,000
3. Lost in Hole Reserve	240,000	240,000	240,000	240,000	240,000	240,000
TOTAL POST-PETITION LIABILITIES (MOR-3)	1,074,893	688,961	718,932	822,643	760,295	730,719

* Payment Requires Court Approval.

MOR-4

CASE NAME: NOVA Directional, Inc.CASE NUMBER: 15-36563

AGING OF POST-PETITION LIABILITIES
 MONTH May 2016

DAYS	TOTAL	TRADE ACCTS	FED TAXES	STATE TAXES	AD-VALOREM, OTHER TAXES	OTHER
0-30	118,905					
31-60						
61-90						
91 +						
TOTAL	118,905					

AGING OF ACCOUNTS RECEIVABLE

MONTH	May 2016					
0-30 DAYS	393,811					
31-60 DAYS	14,156					
61-90 DAYS	67,566					
91 + DAYS	249,796					
TOTAL	725,329					

\$387,357 of A/R is now in doubt.
 Major portion owed by customer has filed Chapter 11.

MOR-5

Revised 6/14/96

CASE NAME:

NOVA Directional, Inc.

CASE NUMBER:

15-36563

STATEMENT OF INCOME (LOSS)

MONTH	May 2016							FILING TO DATE
REVENUES (MOR-1)	164,104							779,544
TOTAL COST OF REVENUES	109,895							744,585
GROSS PROFIT	54,208							34,959
OPERATING EXPENSES:								
Selling & Marketing	11,241							
General & Administrative	20,164							
Insiders Compensation	1,500							
Professional Fees	14,569							
Other (attach list)								
TOTAL OPERATING EXPENSES	47,474							
INCOME BEFORE INT, DEPR/TAX (MOR-1)	6,735							
INTEREST EXPENSE	16,894							
DEPRECIATION	37,972							
OTHER (INCOME) EXPENSE*	(11,766)							
OTHER ITEMS**								
TOTAL INT, DEPR & OTHER ITEMS	43,100							
NET INCOME BEFORE TAXES	(36,365)							
FEDERAL INCOME TAXES								
NET INCOME (LOSS) (MOR-1)	(36,365)							

Accrual Accounting Required. Otherwise Footnote With Explanation

* Footnote Mandatory

** Unusual and/or infrequent item(s) outside the ordinary course of business; requires footnote

MOR-6

Revised 6/14/96

CASE NAME: **NOVA Directional, Inc.**CASE NUMBER: **15-36563**

CASH RECEIPTS AND DISBURSEMENTS							
1. CASH - BEGINNING OF MONTH	MONTH	MONTH	MONTH	MONTH	MONTH	MONTH	SIX MONTHS TO DATE
942,647							
RECEIPTS:							
2. CASH SALES							
3. COLLECTION OF ACCOUNTS RECEIVABLE	120,072						
4. LOANS & ADVANCES (attach list)							
5. SALE OF ASSETS							
6. OTHER (attach list)	32,837						
TOTAL RECEIPTS	152,909						
(Withdrawal) Contribution by Individual Debtor MFR-2*							
DISBURSEMENTS:							
7. NET PAYROLL	56,542						
8. PAYROLL TAXES PAID	3,599						
9. SALES, USE & OTHER TAXES PAID	7,247						
10. SECURED / RENTAL / LEASES	144,222						
11. UTILITIES							
12. INSURANCE	10,510						
13. INVENTORY PURCHASES							
14. VEHICLE EXPENSES							
15. TRAVEL & ENTERTAINMENT							
16. REPAIRS, MAINTENANCE & SUPPLIES	21,091						
17. ADMINISTRATIVE & SELLING	4,691						
18. OTHER (attach list)							
TOTAL DISBURSEMENTS FROM OPERATIONS							
19. PROFESSIONAL FEES							
20. U.S. TRUSTEE FEES							
21. OTHER REORGANIZATION EXPENSES (attach list)							
TOTAL DISBURSEMENTS	247,902						
22. NET CASH FLOW	-94,993						
23. CASH - END OF MONTH (mor-2)	847,654						

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* Applies to Individual debtor's only.

Revised 6/14/96

CASE NAME: NOVA Directional, Inc.CASE NUMBER: 15-36563CASH ACCOUNT RECONCILIATION
MONTH OF May 2016

BANK NAME	Wells Fargo				
ACCOUNT NUMBER	# 7929	#	#	#	
ACCOUNT TYPE	OPERATING	SAVINGS	TAX	OTHER FUNDS	TOTAL
BANK BALANCE	852,561				852,561
DEPOSIT IN TRANSIT					
OUTSTANDING CHECKS	4,907				4,907
ADJUSTED BANK BALANCE	847,654				847,654
BEGINNING CASH - PER BOOKS	942,647				942,647
RECEIPTS	152,909				152,918
TRANSFERS BETWEEN ACCOUNTS					
(WITHDRAWAL)/CONTRIBUTION- BY INDIVIDUAL DEBTOR MFR-2					
CHECKS/OTHER DISBURSEMENTS	247,902				247,911
ENDING CASH - PER BOOKS	847,654				847,654

MOR-8

Revised 6/14/06

CASE NAME: NOVA Directional, Inc.CASE NUMBER: 15-36563**PAYMENTS TO INSIDERS AND PROFESSIONALS**

Of the total disbursements shown for the month, list the amount paid to insiders (as defined in Section 101(31)(A)-(F) of the U. S. Bankruptcy Code) and the professionals. Also, for insiders identify the type of compensation paid (e.g., salary, commission, bonus, etc.) (Attach additional pages as necessary.)

INSIDERS: NAME/POSITION/COMP TYPE	MONTH	MONTH	MONTH	MONTH	MONTH	MONTH
1. Edward Chiaramonte	7,920	15,860	8670	1500	1500	1500
2.						
3.						
4.						
5.						
6.						
TOTAL INSIDERS (MOR-1)						

PROFESSIONALS NAME/ORDER DATE	MONTH	MONTH	MONTH	MONTH	MONTH	MONTH
1. Rafael Rangel			7,950			
2. Patti May				2,768		
3. Kilmer, Crosby & Walker, PLLC					14,569	
4.						
5.						
6.						
TOTAL PROFESSIONALS (MOR-1)						

MOR-9

Revised 6/14/9